

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No. 06 CR 421
	)	
v.	)	Violations: Title 18, United
	)	States Code, Sections 2,
NICHOLAS B. BLASE,	)	1341, and 1346
STEVEN WEINER, and	)	
PAUL ZDON	)	

**COUNT ONE**

The SPECIAL FEBRUARY 2005-2 GRAND JURY charges:

1. At times material to this indictment:

**The Village of Niles**

A. The Village of Niles (“Niles”) was a unit of local government and a political subdivision of the State of Illinois. Niles provided municipal services to its citizens.

B. The President of the Village of Niles (the “Mayor”) was the highest elected officer in Niles. By village ordinance, the Mayor was designated as the local liquor commissioner in and for Niles, and appointed annually various Village Officers, including the Director of Code Enforcement, Director of Public Services, Chief of the Police Department and Chief of the Fire Department.

**Ralph Weiner and Associates**

C. Ralph Weiner and Associates, LLC (“RWA”), was an Illinois limited liability company that operated as an insurance agency. RWA acted as a broker for businesses located in and around Niles, among other clients, advising them as to their

insurance needs and arranging for the purchase of insurance from various insurers. RWA collected the premium payments from each business, forwarded a portion to the insurer and kept the remaining portion as its commission. For some businesses, RWA charged service fees as additional compensation for its services. Among other employees, RWA employed “insurance producers,” who are defined by the Illinois Insurance Code as persons required to be licensed to sell, solicit or negotiate insurance. Prior to in or around 1999, the offices of RWA were located in Niles, Illinois. Since in or around 1999, the offices of RWA were located in Wheeling, Illinois.

**Nicholas B. Blase, Ltd.**

D. Nicholas B. Blase, Ltd. (the “Blase Law Office”), was a professional service corporation which mainly represented individuals in personal injury matters. The Blase Law Office was located in Niles, Illinois.

**Defendants**

E. Defendant NICHOLAS B. BLASE was the Mayor of Niles from 1961 to the present. Defendant BLASE was an attorney licensed in the State of Illinois, and the sole owner of the Blase Law Office. Defendant BLASE was not licensed as an insurance producer in the State of Illinois.

F. Defendant STEVEN WEINER was the President and Chief Operating Officer of RWA from in or around April 2005 to the present. From in or around 1974 to in or around April 2005, defendant WEINER worked for RWA in different capacities, including that of an insurance producer. Defendant WEINER was licensed by the State of Illinois,

Department of Insurance, as an insurance producer.

G. From in or around 1996 to in or around late 2004, defendant PAUL ZDON was employed by RWA as an insurance producer. Defendant ZDON was licensed by the State of Illinois, Department of Insurance, as an insurance producer.

**Other Individuals and Entities**

H. **Ralph Weiner:** Prior to his death in April 2005, Ralph Weiner was the President and Chief Operating Officer of RWA. Ralph Weiner founded RWA in 1955. Ralph Weiner was the father of defendant WEINER. Ralph Weiner was licensed by the State of Illinois, Department of Insurance, as an insurance producer.

I. **Blase Employee A:** From in or around 1995 to 2006, an individual herein identified as Blase Employee A was employed by the Blase Law Office. The job responsibilities of Blase Employee A included meeting with personal injury clients, obtaining the clients' medical bills and other records, submitting them to insurance companies and attempting to negotiate settlements of personal injury claims. Blase Employee A held no insurance license in the State of Illinois.

J. **Blase Employee B:** From in or around 1974 to 1995, an individual herein identified as Blase Employee B was employed by the Blase Law Office. The job responsibilities of Blase Employee B included meeting with personal injury clients, obtaining the clients' medical bills and other records, submitting them to insurance companies and attempting to negotiate settlements of personal injury claims. Blase Employee B held no insurance license in the State of Illinois.

K.     **S.M.P. Insurance Service, Inc.:** S.M.P. Insurance Service, Inc., ('SMP') was an Illinois corporation, originally incorporated in 1974. SMP was licensed by the State of Illinois, Department of Insurance, in the name of Ralph Weiner. From 1974 to 1996, Blase Employee B was the President of SMP. From 1996 to 2006, Blase Employee A was the President of SMP.

L.     **Attorney A:** From in or around 2005 to 2006, Attorney A handled personal injury matters in conjunction with the Blase Law Office. Attorney A is a relative of defendant BLASE. Attorney A was not licensed as an insurance producer in the State of Illinois.

**Laws, Duties, Policies and Procedures Applicable to Defendant BLASE**

2.     Defendant BLASE, in his capacity as the Mayor of Niles, was bound by the following laws, duties, policies and procedures:

A.     Defendant BLASE owed a duty of honest services to the citizens of Niles in the performance of his public duties.

B.     Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-1(d)), defendant BLASE was prohibited from receiving, retaining, or agreeing to accept any property or personal advantage which he was not authorized by law to accept, knowing that such property or personal advantage was promised or tendered with intent to cause him to influence the performance of any act related to the employment or function of his public office.

C.     Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-3(c))

and (d)), defendant BLASE was prohibited from committing the following acts in his official capacity: (1) performing an act in excess of his lawful authority, with intent to obtain a personal advantage for himself or others; and (2) soliciting or knowingly accepting, for the performance of any act, a fee or reward which he knew was not authorized by law.

D. Pursuant to the criminal laws of the State of Illinois, including the Illinois Governmental Ethics Act (5 ILCS 420/4A-101 and 4A-102), defendant BLASE was obligated to file annually a Statement of Economic Interest with the State of Illinois, wherein he was required to disclose, among other things, the name of any entity which had applied to the Village for any license, franchise or permit for zoning or re-zoning if he had received income or dividends in excess of \$1,200 from the entity during the preceding calendar year. If defendant BLASE constructively controlled such income received by a third party, the income was considered to be his, and he was obligated to disclose it.

E. Pursuant to the criminal laws of the State of Illinois (215 ILCS 5/500-15, 5/500-80), defendant BLASE, as an unlicensed person, was prohibited from receiving any commission, service fee, brokerage or other valuable consideration for selling, soliciting, or negotiating insurance in the State of Illinois.

3. Beginning in or around 1974 and continuing to in or about June 2006, in Niles, in the Northern District of Illinois, Eastern Division, and elsewhere:

NICHOLAS B. BLASE,  
STEVEN WEINER, and  
PAUL ZDON,

defendants herein, together with Ralph Weiner, and others known and unknown, knowingly

devised and participated in a scheme to defraud Niles and its citizens of the intangible right to the honest services of defendant BLASE, and to obtain money and property by materially false and fraudulent pretenses and representations and material omissions, which scheme is described further below:

### **Summary of the Scheme**

4. It was part of the scheme that defendant BLASE used his official position as the Mayor of Niles to promote RWA and steer businesses to purchase insurance from RWA and, in return, Ralph Weiner and defendant WEINER paid, and caused to be paid, a portion of RWA's commissions from Niles clients to SMP, a shell corporation controlled by defendant BLASE. As part of the scheme, from 1997 to 2006, Ralph Weiner and defendant WEINER made payments, and caused payments to be made, to SMP totaling approximately \$421,450.

### **The Scheme**

5. It was further part of the scheme that in or around 1974, defendant BLASE caused SMP to be incorporated. From in or around 1974 to 2006, SMP was a shell corporation that acted as a conduit to secretly transfer money from Ralph Weiner and defendant WEINER to Blase Employee A and Blase Employee B for the benefit of defendant BLASE, and as a method to conceal the nature of such payments, making it appear as though Blase Employee A and Blase Employee B received shared commissions based on insurance-related work when, in fact, they were not licensed to perform such work, could not receive such payments as a matter of state law, and did not perform such work.

6. It was further part of the scheme that defendant BLASE spoke with owners of Niles businesses and directly and indirectly steered them to use the insurance services of RWA.

7. It was further part of the scheme that defendant BLASE provided material information to Ralph Weiner, defendant WEINER, and defendant ZDON concerning Niles' regulation of Niles businesses for RWA's use in the solicitation and selling of insurance to such businesses.

8. It was further part of the scheme that Ralph Weiner, defendant WEINER, and defendant ZDON communicated with defendant BLASE, and other Niles officials, about issues concerning Niles' regulation of RWA's clients and prospective clients.

9. It was further part of the scheme that defendant BLASE knowingly took, and failed to take, actions in his official capacity to benefit the interests of Niles businesses that purchased their insurance needs through RWA.

10. It was further part of the scheme that Ralph Weiner, defendant WEINER, and defendant ZDON touted their ability to provide access to and receive favors from defendant BLASE to potential and existing RWA clients to advance their solicitation and sale of insurance.

11. It was further part of the scheme that, at the request of Ralph Weiner, defendant BLASE contacted business owners who were delinquent in paying premiums to RWA in order to assist RWA in its collection efforts.

12. It was further part of the scheme that from approximately 1974 to 2006, RWA

made payments to SMP, which amounts represented approximately 25% of RWA's commissions on the insurance policies sold to Niles businesses. Defendant BLASE then used SMP funds as payment of all or part of the salaries of Blase Employee A and Blase Employee B. Specifically, from in or around 1974 to in or around 1995, defendant BLASE delivered, and caused to be delivered, these payments to Blase Employee B as compensation for the work performed by Blase Employee B for the Blase Law Office. Then, from in or around 1995 to in or around 2006, defendant BLASE delivered, and caused to be delivered, these payments to Blase Employee A as compensation for the work performed by Blase Employee A for the Blase Law Office. From in or around 1997 to in or around 2006, the total amount of payments made by RWA to SMP was approximately \$421,450.

13. It was further part of scheme that defendant BLASE concealed his payment relationship with RWA, in the manner described above, and failed to disclose on his Statements of Economic Interest the payments from Ralph Weiner and defendant WEINER, which were funded by the premium payments of Niles businesses, and, without making any such disclosures, continued to participate in Niles' regulation of such businesses, including presiding over liquor commission hearings involving alleged violations of Niles ordinances by such businesses.

14. It was further part of the scheme that RWA employees, at the direction of Ralph Weiner and defendant WEINER, prepared spreadsheets listing, or purporting to list, the names of RWA clients with corresponding amounts which were, or purported to be, 25% of RWA's commissions for each of these particular clients to be paid to SMP (the "SMP



Commission Statements”). As to the Niles Public Library, which was an RWA client, defendant BLASE directed Ralph Weiner to disguise the source of the payments from the Niles Public Library on the SMP Commission Statements. Following this direction, Ralph Weiner caused the Niles Public Library to be mis-identified as “Four Doves” on the SMP Commission Statements.

15. It was further part of the scheme that from in or around 1974 to in or around late 2004, defendant BLASE and Ralph Weiner met on a near-monthly basis to discuss obtaining and retaining insurance business in Niles for RWA and for the delivery of the SMP checks.

16. It was further part of the scheme that from in or around late 2004 to 2006, defendant BLASE met with defendant WEINER on a near-monthly basis to discuss obtaining and retaining insurance business in Niles for RWA and for the delivery of the SMP checks and SMP Commission Statements.

17. It was further part of the scheme that, on occasions when defendant BLASE was out of town or otherwise unavailable, Ralph Weiner and defendant Weiner would hand-deliver or mail, and caused to be hand-delivered and mailed, the SMP checks directly to Blase Employee A or Blase Employee B.

18. It was further part of the scheme that, in or around late 2005, when Blase Employee A reduced his work schedule at the Blase Law Office, defendant BLASE instructed Blase Employee A to share the funds from the SMP Checks with defendant BLASE’s relative, Attorney A. To conceal the nature of these payments, defendant BLASE

devised a cover story such that, if questioned by authorities, Blase Employee A was to falsely state that Attorney A performed investigative work for SMP.

19. It was further part of the scheme that defendant BLASE and WEINER, Ralph Weiner and others did misrepresent, conceal, hide and cause to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the scheme.

20. On or about July 6, 2004, in the Northern District of Illinois, Eastern Division,

NICHOLAS B. BLASE,  
STEVEN WEINER, and  
PAUL ZDON,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Mail, according to the directions thereon, an envelope containing a copy of a letter from RWA to Customer A with a handwritten note from defendant BLASE, addressed to RWA at its Wheeling, Illinois address;

In violation of Title 18, United States Code, Section 1341, 1346 and 2.

## **COUNT TWO**

The SPECIAL FEBRUARY 2005-2 GRAND JURY charges:

1. The allegations in paragraphs 1–19 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about July 16, 2004, in the Northern District of Illinois, Eastern Division,

NICHOLAS B. BLASE,  
STEVEN WEINER, and  
PAUL ZDON,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be sent by the United States Mail, according to the directions thereon, an envelope containing a letter from Ralph Weiner to Blase Employee A and a check from RWA to SMP, Inc., addressed to Blase Employee A, at a Crystal Lake, Illinois address;

In violation of Title 18, United States Code, Section 1341, 1346 and 2.

### **COUNT THREE**

The SPECIAL FEBRUARY 2005-2 GRAND JURY charges:

1. The allegations in paragraphs 1–19 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about November 22, 2004, in the Northern District of Illinois, Eastern Division,

NICHOLAS B. BLASE,  
STEVEN WEINER, and  
PAUL ZDON,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be sent by the United States Mail, according to the directions thereon, an envelope containing a list of new businesses in Niles, Illinois, addressed to RWA at its Wheeling, Illinois address;

In violation of Title 18, United States Code, Section 1341, 1346 and 2.

### **COUNT FOUR**

The SPECIAL FEBRUARY 2005-2 GRAND JURY charges:

1. The allegations in paragraphs 1–19 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about December 16, 2005, in the Northern District of Illinois, Eastern Division,

NICHOLAS B. BLASE, and  
STEVEN WEINER,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be sent by the United States Mail, according to the directions thereon, an envelope containing a check from RWA to SMP, Inc., and an SMP Commission Statement addressed to Blase Employee A, at a Crystal Lake, Illinois address;

In violation of Title 18, United States Code, Section 1341, 1346 and 2.

**COUNT FIVE**

The SPECIAL FEBRUARY 2005-2 GRAND JURY charges:

1. The allegations in paragraphs 1–19 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about February 23, 2006, in the Northern District of Illinois, Eastern Division,

NICHOLAS B. BLASE and  
STEVEN WEINER,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be sent by the United States Mail, according to the directions thereon, an envelope containing a check from RWA to SMP, Inc., and an SMP Commission Statement addressed to Blase Employee A, at a Crystal Lake, Illinois address;

In violation of Title 18, United States Code, Section 1341, 1346 and 2.

A TRUE BILL:

\_\_\_\_\_  
Foreperson

\_\_\_\_\_  
United States Attorney